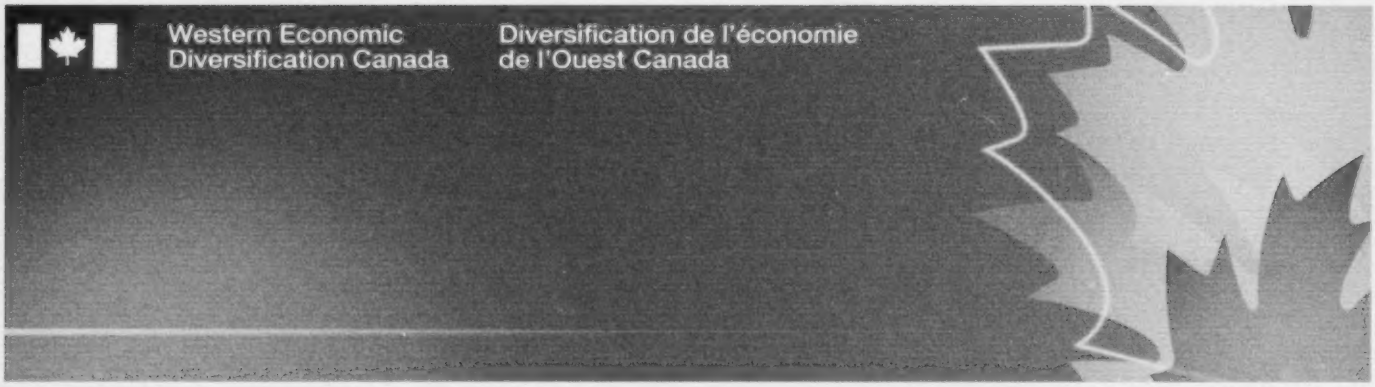

Western Economic Diversification Canada

2013–14

Departmental Performance Report

The Honourable Rona Ambrose, P.C., M.P.
Minister of Health

The Honourable Michelle Rempel, P.C., M.P.
Minister of State (Western Economic Diversification)

Canada

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Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts.

Part I (Government Expenditure Plan) provides an overview of federal spending.

Part II (Main Estimates) lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year.

Part III (Departmental Expenditure Plans) consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

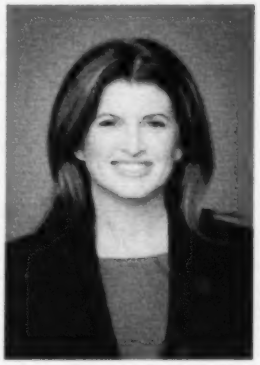
The Treasury Board *Policy on Management, Resources and Results Structures* further strengthens the alignment of the performance information presented in DPRs, other

Estimates documents and the Public Accounts of Canada. The policy establishes the Program Alignment Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies irrespective of whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013–14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPR's format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminology are now provided in an appendix.

Minister's Message



As Minister responsible for Western Economic Diversification Canada (WD), I am pleased to present the 2013–2014 Departmental Performance Report.

Since its commencement in 1988, WD has worked diligently to strengthen and diversify the western Canadian economy. This year has been no exception with WD achieving its goals in supporting businesses, fostering innovation and strengthening communities.

WD's support continues to help western Canadian businesses connect with new opportunities and showcase their products to key players. Our strategic investments continue to help businesses and innovators improve their productivity, compete globally and get new products to market. We continue to build upon the strong foundation that Western Canada already has to ensure that this exceptional region continues to prosper.

WD continues to work strategically in partnership – with all levels of government, businesses, industry associations and not-for-profit organizations – to create jobs, foster economic growth and ensure the long-term prosperity of Western Canada.

The Honourable Rona Ambrose, P.C., M.P.

Minister of State's Message

Our Government's top priority remains the economy. WD is contributing to this work by fostering innovation, promoting western Canadian businesses and strengthening our communities.

Over the past year, as a result of broad-based engagement, we have established a clear path forward that will help create jobs and economic growth, focusing on the priorities of Innovation, Defence Procurement, Trade and Investment, Aboriginal Economic Growth, Skills Development and Training, and revitalization of the Western Canada Business Service Network.

WD continues to drive economic development and diversification through active engagement with stakeholders and the delivery of its core programs. Our work has facilitated the commercialization of new technologies in emerging sectors across the West; promoted the region to potential investors; enabled western businesses to connect and compete with international industry and helped businesses improve their productivity.

WD will continue to create opportunities for western Canadian innovators, businesses and communities while building on our Government's strong fiscal record. Together, we are showing the world that the *West Means Business*.

The Honourable Michelle Rempel, P.C., M.P.

Section I: Organizational Expenditure Overview

Organizational Profile

Minister(s): The Honourable Rona Ambrose, P.C., M.P.
The Honourable Michelle Rempel, P.C., M.P.

Institutional Head: Daphne Meredith

Ministerial Portfolio:

The Honourable Rona Ambrose, P.C., M.P.
Minister of Health

The Honourable Michelle Rempel, P.C., M.P.
Minister of State (Western Economic Diversification)

Enabling Instrument: Western Economic Diversification Act[1]

Year of Incorporation / Commencement: 1988

Other:

Headquarters: Edmonton, Alberta

Offices: Vancouver, BC
Edmonton and Calgary, AB
Saskatoon, SK
Winnipeg, MB
Ottawa, ON

Organizational Context

Raison d'être

Western Economic Diversification Canada (WD) was established in 1988 to promote the development and diversification of the economy of Western Canada and to advance the interests of the West in national economic policy, program and project development and implementation. The Minister of Health, supported by the Minister of State (Western Economic Diversification), is responsible for this organization.

As the department responsible for regional development in Western Canada, WD develops and supports economic policies, programs and activities to promote economic growth throughout Western Canada.

Responsibilities

WD's mandate, derived from the *Western Economic Diversification Act,* is to develop and diversify the western Canadian economy. This broad mandate allows the department to implement diverse programs and initiatives across the West to help western Canadians create strong, competitive and innovative businesses and communities.

Our Vision

To be leaders in creating a more diversified western Canadian economy that has strong, competitive and innovative businesses and communities.

With offices in each western province and its headquarters in Edmonton, WD provides a strong federal presence to promote economic development in the West. Its western base has enabled the department to foster extensive partnerships across Western Canada with business and community organizations, research and academic institutions, Aboriginal groups as well as provincial and municipal governments.

An important contributor to a prosperous western Canadian economy, WD helps build on the West's traditional economic strengths while supporting the transition to a more diverse, modern economy.

These connections enable the department to identify and support economic opportunities in the West and to leverage its investments to benefit the western Canadian economy. In addition, through its strong connections with federal departments across Canada and its office in Ottawa, WD ensures that western interests and perspectives are reflected in national decision-making.

WD focuses its activities in three program areas:

Launched in October 2013, the Western Innovation (WINN) Initiative helps western-based SMEs bring innovative technology-based products, processes and services to market.

Business Development and Innovation: WD helps small and medium-sized enterprises (SME) develop and grow, create jobs, expand their markets, increase their exports and become more innovative and productive. The department assists SMEs with international business engagement and works to attract investment to the region, as well as assist western Canadian SMEs to access opportunities linked to government procurement. Further, WD promotes the development and growth of the knowledge-based economy by building innovation capacity and supporting the commercialization of new knowledge-based products, processes and services.

Community Economic Growth: WD helps communities sustain their local economies and adjust to changing economic circumstances through departmental programs and by delivering national initiatives on behalf of the Government of Canada in Western Canada. WD also supports community-based organizations that provide western entrepreneurs with the information, training and loans they need to start and grow their businesses.

WD initiated the Western Diversification Program (WDP) Call for Proposals (CFP) process to enhance responsiveness to economic trends and industry needs and ongoing alignment with Government of Canada priorities.

Policy, Advocacy and Coordination: WD identifies opportunities to strengthen the western Canadian economy and coordinate economic development activities, policies and programs across the West. WD works to build strategic relationships with key decision makers across Canada and works with western Canadian industry on defence-related procurement opportunities.

Utilizing the department's flexibility and ability to respond quickly to the priorities and needs of the West, WD has continued to deliver national initiatives on behalf of the federal government in Western Canada. These include the Community Infrastructure Improvement Fund (CIIF) under Canada's Economic Action Plan (EAP), programming to upgrade and expand western Canadian infrastructure, as well as the Economic Development Initiative aimed at supporting businesses and economic development in western Canadian Francophone communities.

WD is an important contributor to a prosperous western Canadian economy and works to build on the West's traditional economic strengths while supporting a more diverse economy.

Strategic Outcome and Program Alignment Architecture

The Program Alignment Architecture (PAA) provides an overview of how a department's programs and activities are aligned and how their expected results are organized to contribute to achieving the department's strategic outcome. In 2013–14, WD implemented a new, streamlined PAA, which enabled the department to strengthen the capacity to evaluate outcomes and results and to enhance management capacity to allocate resources.

These programs, comprising the department's PAA, help ensure that Western Canada continues to make a strong contribution to Canada's economic success.

Strategic Outcome: A growing and diversified western Canadian economy

1.1 Program: Business Development and Innovation

- **1.1.1 Sub-Program:** Trade, Investment and Market Access
- **1.1.2 Sub-Program:** Business Productivity and Growth
- **1.1.3 Sub-Program:** Innovation Capacity Building
- **1.1.4 Sub-Program:** Technology Commercialization

1.2 Program: Community Economic Growth

- **1.2.1 Sub-Program:** Infrastructure Programming
- **1.2.2 Sub-Program:** Community Development
- **1.2.3 Sub-Program:** Community Futures Program
- **1.2.4 Sub-Program:** Targeted Economic Initiatives

1.3 Program: Policy, Advocacy and Coordination

- **1.3.1 Sub-Program:** Advocacy and Coordination
- **1.3.2 Sub-Program:** Economic Analysis

Internal Services

Organizational Priorities

In the fall of 2013, WD undertook broad engagement with key stakeholders across Western Canada in order to gain feedback on western Canadian economic issues, challenges, opportunities and priorities. Based on an analysis of opportunities for economic growth and diversification and stakeholders' feedback, WD implemented six new priorities: innovation; skills development and training; Aboriginal economic growth; maximizing the ability of western Canadian businesses to capitalize on federal defence procurement opportunities; trade and investment; and revitalization of the Western Canada Business Service Network[2] (WCBSN). This approach will ensure that the department focuses its resources on areas that have the greatest impact on the western Canadian economy. These six new priorities are included in the 2014–15 Report on Plans and Priorities[3] (RPP) as departmental priorities for the next fiscal year.

Although these priorities include new areas of focus, particularly in skills development and Aboriginal economic growth, the focus on innovation, trade and investment, federal defence procurement and the WCBSN have been priorities for the department in recent years.

In 2013–14, WD focused on the five organizational priorities below as outlined in the 2013–14 RPP. These key areas provide greater clarity and focus for the department in pursuing its strategic outcome of a growing and diversified western Canadian economy.

Organizational Priorities

Priority	Type[4]	Program(s)
Technology Commercialization	**Ongoing**	**Business Development and Innovation**
Summary of Progress		
• WD contributed to 12 new projects in support of this priority area, totaling $24.3 million, to facilitate technology commercialization in emerging sectors in Western Canada. • Further to its announcement in the 2012 Federal Budget, WD launched WINN[5] to assist SMEs in the commercialization of new innovative products, processes and services for domestic and international markets, with a particular focus on creating market-ready technologies. A comprehensive outreach campaign resulted in WD receiving 391 applications through the first intake. The first round of investments was announced in June 2014.		
Trade and Investment	**Ongoing**	**Business Development and Innovation**
Summary of Progress		
• WD contributed to 16 new projects in support of this priority area, totaling $7.4 million. These projects will support western Canadian engagement in international markets, facilitate connections between western Canadian businesses and multinational aerospace and defence companies, promote western Canadian products, services and technologies abroad and attract foreign investment to Western Canada.		

Business Productivity and Growth	Ongoing	Business Development and Innovation, and Community Economic Growth

Summary of Progress

- WD contributed to 18 new projects in support of this priority area, totaling $12.4 million. These projects supported SMEs to create jobs, improve their business processes, adopt new technologies and gain access to skilled labour.
- The WCBSN provided a total of 242,878 business information, advisory and training services to SMEs in rural and urban areas, as well as $82.0 million in loans that leveraged an additional $97.6 million. The impacts included 5,507 jobs created or maintained through lending; 2,239 jobs created or maintained through business services; 1,304 businesses created, maintained or expanded through lending; and 2,058 businesses created, maintained or expanded through business services. In addition, the Canada Business Service Centres in SK and MB were transitioned to not-for-profit models (agreements effective April 1, 2014) for consistency across the West.

Advancing the Interests of Western Canada	Previously Committed to	Policy, Advocacy and Coordination

Summary of Progress

- WD held a series of innovation-focused roundtables across Western Canada which engaged western Canadian industry, associations, researchers and academia on the advancement of innovation in Western Canada. These roundtables helped WD to bring western Canadian perspectives to national innovation policy making, enhanced departmental programs, policies and advocacy activities related to innovation, strengthened collaboration between key stakeholders and reinforced WD's role as a convener and pathfinder.
- WD represented western interests in the development of national policies and strategies such as the federal Defence Procurement Strategy[6] and the Global Markets Action Plan.[7]
- WD enhanced business connections between SMEs and major international aerospace and defence companies through activities such as those outlined in Western Canada's Shipbuilding Action Plan,[8] including the Western Canada Shipbuilding Symposium.[9]
- WD facilitated business development opportunities and access to international markets by leveraging Canada's Industrial and Regional Benefits policy[10] to respond to 24 supplier development requests and to conduct five supplier development missions and events on behalf of international aerospace and defence firms.
- WD supported the work of the Special Federal Representative on West Coast Energy Infrastructure by contributing to interdepartmental engagement and policy discussions.

Managing in a Changing Environment	Previously Committed to	All programs

Summary of Progress

- The Deputy Minister led a staff engagement process to develop a vision for the Blueprint 2020 initiative[11] that focused on strengthening the workplace, supporting employee development and enhancing programs and service offerings to sustain a culture of continuous learning that is innovative, stimulating and informative.

- WD completed centralization of its accounting operations to the Saskatoon office and its procurement functions to the Edmonton office to enhance efficiency. The department is also implementing a lifecycle approach to managing its Grants and Contributions (G&C) projects; this involves having the same staff member assigned to a project from conception to completion, ensuring better continuity in developing and monitoring funded projects.
- WD streamlined its business processes by maximizing the use of technology. Changes were introduced, in particular WINN and the Call for Proposals, to improve service delivery and to manage resources more efficiently.
- WD collaborated with Canadian Heritage to find a common CRM solution for the Regional Development Agencies (RDA) to improve program delivery efficiency and services. The department also collaborated with other RDAs on the Official Languages Twinning Program and Common Human Resources Business Practices.
- WD implemented the streamlined PAA and the associated Performance Measurement Framework (PMF). The new, streamlined PAA eliminates overlap and duplication, assists the department in telling its performance story and enhances the capacity to evaluate outcomes and results of WD programming.

Risk Analysis

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Low rate of investment in research and development (R&D) and adoption of technologies by SMEs	• Supported 28 projects with $86.0 million in total WD funding.[12] • Launched the WINN Initiative.	• Business Development and Innovation
Small domestic market and increasing global competition	• Supported 16 projects with $7.4 million in total WD funding.	• Business Development and Innovation
Declining competitiveness and slow productivity growth of SMEs	• Supported 18 projects with $12.4 million in total WD funding.	• Business Development and Innovation

Organizational Context for Risks

Western Canada is a significant contributor to the overall Canadian economy. Home to about one-third of all Canadians, Western Canada's real gross domestic product accounted for 37 percent of Canada's economic output in 2012. The West accounted for 78,300 or 35 percent of the 223,500 net jobs created in Canada in 2013, and nearly

40 percent of Canada's exported goods. Western Canada has benefited from the growing global demand for commodities and the development of the mining and energy industries.

Despite its economic strengths, Western Canada faces a number of economic challenges including low rates of R&D, a small domestic market, increasing global competition, and slow productivity growth. These challenges are partially related to the region's traditional strengths in primary production, which tend to be less R&D intensive and pose a challenge for improving labour productivity. By pursuing new investments in priority areas, WD will work to respond to these external risks through the diversification and growth of the western Canadian economy.

To help address the low rate of investment in research and development and adoption of technologies by SMEs, the department launched the WINN Initiative in 2013–14. WINN supports SMEs in their efforts to commercialize innovative, technology-based products, processes and services.

WD also transitioned from a continuous application intake process and introduced a new Call for Proposals (CFP) model[13] for WDP.

Given WD's mandate, these responses demonstrate the department's ability to adapt and adjust to changes to the internal and external environment. Continuing to engage in effective risk management practices will strengthen the department's role in contributing to Western Canada's economic growth and prosperity.

Actual Expenditures

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	Difference (actual minus planned)
178,700,849	180,200,849	195,102,335	188,328,291	8,127,442

Planned spending of $180.2 million was augmented by $14.9 million provided through new authorities and transfers, including $6.5 million for the Rick Hansen Foundation in support of the Rick Hansen Institute, $4.3 million for the CIIF; $2.2 million for an operating budget carry forward; $1.9 million from collections of repayable contributions and other minor adjustments.

Actual spending of $188.3 million resulted in a surplus of $6.8 million from total authorities of $195.1 million. The department will access a portion of this surplus through an operating budget carry forward of $2.0 million.

Human Resources (Full-Time Equivalents[14]—FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
370	331	(39)

Note: The difference between planned and actual FTEs is a result of the planned savings achieved through Budget 2012 to gain greater efficiencies in program delivery and administration.

Budgetary Performance Summary for Strategic Outcome and Program(s) (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2013–14 Main Estimates	2013–14 Planned Spending	2014–15 Planned Spending	2015–16 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2012–13 Actual Spending (authorities used)	2011–12 Actual Spending (authorities used)
Strategic Outcome: A growing and diversified western Canadian economy								
Business Development and Innovation	93,227,813	93,227,813	100,598,774	100,528,650	101,917,950	98,912,661	117,571,416	120,289,876
Community Economic Growth	57,604,411	57,604,411	34,432,043	34,408,041	62,315,274	62,155,737	35,377,579	39,889,572
Policy, Advocacy and Coordination	7,113,497	8,613,497	10,741,002	10,733,515	9,045,066	9,306,314	8,538,591	7,630,756
Strategic Outcome Subtotal	157,945,721	159,445,721	145,771,819	145,670,206	173,278,290	170,374,712	161,487,586	167,810,204
Internal Services Subtotal	20,755,128	20,755,128	13,136,133	13,126,976	21,824,045	17,953,579	22,230,897	27,473,277
Total	178,700,849	180,200,849	158,907,952	158,797,182	195,102,335	188,328,291	183,718,483	195,283,481

Alignment of Spending With Whole-of-Government

Alignment of 2013–14 Actual Spending With the Whole-of-Government-Framework[15] (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2013–14 Actual Spending
1. A growing and diversified western Canadian economy	1.1 Business Development and Innovation	Economic Affairs	Strong economic growth	98,912,661
	1.2 Community Economic Growth	Economic Affairs	Strong economic growth	62,155,737
	1.3 Policy, Advocacy and Coordination	Economic Affairs	Strong economic growth	9,306,314
	Internal Services	Economic Affairs	Strong economic growth	17,953,579

Total Spending by Spending Area (dollars)

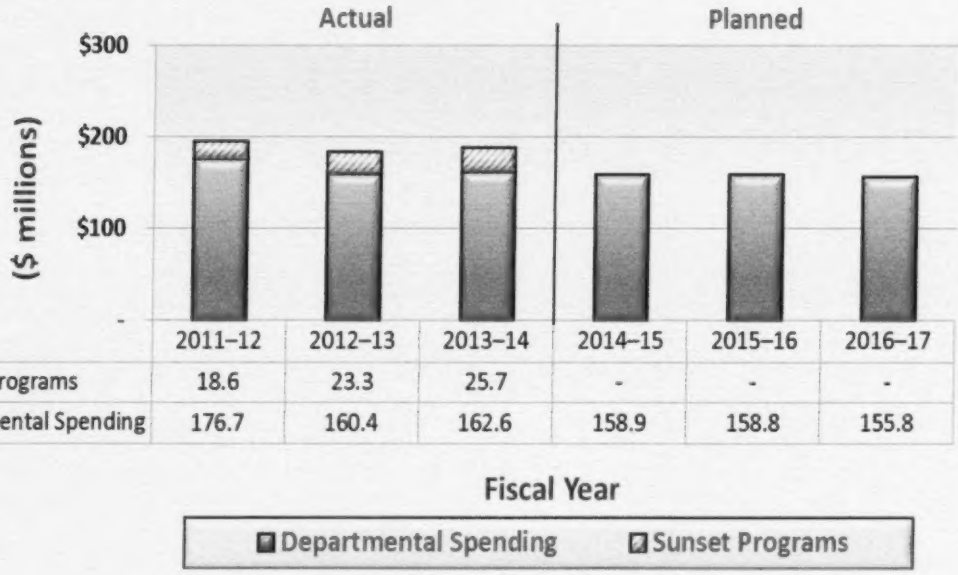
Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	180,200,849	188,328,291
Social Affairs	0	0
International Affairs	0	0
Government Affairs	0	0

Departmental Spending Trend

WD's actual spending, including EAP, for 2013–14 was $188.3 million. Compared with actual spending of $183.7 million in 2012–13, this represents a net increase of 5.6 percent, or $4.6 million. Variances in actual spending profiles are due to a decrease of $2.9 million in operating expenditures and an increase of $7.5 million in G&C. The net increase in G&C spending is explained in more detail as follows:

- An increase of $6.9 million under the CIIF;
- An increase of $2.0 million under the Rick Hansen Foundation in support of the research, programs and operations of the Rick Hansen Institute;
- An increase of approximately $0.6 million resulting from normal program fluctuation; and
- A decrease of $2.0 million under the Loan Investment Program.

Departmental Spending Trend Graph



	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Sunset Programs	18.6	23.3	25.7	-	-	-
Departmental Spending	176.7	160.4	162.6	158.9	158.8	155.8

The figures presented in the above chart reflect the impact that sunset funding has had on the department's overall spending, representing approximately 14 percent and 13 percent in spending in 2013–14 and 2012–13. The majority of sunset funding represents initiatives under EAP. Planned spending stays consistent in future years as planned savings measures announced in Budget 2012 are realized.

In addition, the figures presented in the above chart do not include funds spent through Other Government Department suspense accounts on behalf of other departments. For example, in fiscal year 2013–14, WD expended approximately $49.9 million on behalf of Infrastructure Canada under the Building Canada Fund, Municipal Rural Infrastructure Fund and the Canada Strategic Infrastructure Fund.

Estimates by Vote

For information on WD's organizational Votes and statutory expenditures, consult the *Public Accounts of Canada 2014* on the Public Works and Government Services Canada website.[16]

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome: A growing and diversified western Canadian economy

Western Economic Diversification Canada (WD) works to develop and diversify the western Canadian economy, helping to build businesses that are innovative and competitive, while diversifying the base of the western Canadian economy beyond primary resource industries.

WD's strategic outcome is advanced through the following programs:

- **Business Development and Innovation**: Western Canadian small and medium-sized enterprises (SME) are engaged in international business and are competitive and innovative;
- **Community Economic Growth**: Western Canadian communities have strong businesses, the capacity for socio-economic development and the necessary public infrastructure to support economic growth;
- **Policy, Advocacy and Coordination (PAC)**: Policies and programs that strengthen the western Canadian economy; and
- **Internal Services**: Effective and efficient support for advancing the department's strategic outcome.

WD sets targets annually for all performance indicators at the program and sub-program level in the departmental Performance Measurement Framework (PMF). Progress is tracked against targets based primarily upon results that grants and contributions projects report during the fiscal year. In addition, WD collects information on several non-PMF performance indicators to support accountability and programming decision making.

WD also utilizes a number of economic indicators to gauge the competiveness, growth and diversity of the western Canadian economy. The chart below outlines Western Canada's performance across four economic indicators over the past five years. As a benchmark, Canada's performance in these indicators is included.

The results show strong economic growth in Western Canada for a fourth consecutive year following the downturn in 2009. Over the past four years, growth in Western Canada's real Gross Domestic Product (GDP) exceeded that of Canada. In 2013, real GDP growth in Western Canada was 3.2 percent compared to 2.0 percent of Canada.

Performance Indicators [17]		2009	2010	2011	2012	2013 (Preliminary)
Real GDP growth	Canada	-2.8%	3.4%	2.7%	1.8%	2.0%
	West	-3.4%	4.0%	4.2%	2.8%	3.2%
Labour productivity growth (change in real GDP per hour worked)	Canada	1.3%	0.8%	0.6%	0.1%	1.2%
	West	1.4%	1.8%	1.4%	-0.3%	2.2%
Primary production as a percentage of GDP	Canada	9.1%	9.5%	9.7%	9.6%	9.9%
	West	19.2%	19.7%	19.9%	19.8%	20.1%
Gross Domestic Expenditures on Research and Development (R&D) as percentage of GDP	Canada	1.9%	1.8%	1.7%	1.7%	Data not available
	West	1.3%	1.2%	1.1%	Data not yet available	

Despite the economic strength of Western Canada, challenges remain with respect to gross domestic expenditures on R&D as a percentage of GDP which are consistently lower in Western Canada when compared to that of Canada. In 2013, primary production as a percentage of GDP was 20.1 percent in Western Canada as compared to 9.9 percent for Canada owing to the predominance of the natural resources sector in the western provinces. The region's challenge relating to R&D expenses as a percentage of GDP may in part be due to Western Canada's traditional strengths in primary production which tend to be less R&D intensive.

Program 1.1: Business Development and Innovation

Program Description

Business Development and Innovation supports western Canadian businesses and industry organizations to enhance global trade and investment, business growth and competitiveness, and innovation and technology commercialization. Transfer payments in support of this program are made under the authority of the Women's Enterprise Initiative (WEI) and the Western Diversification Program (WDP).

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
93,227,813	93,227,813	101,917,950	98,912,661	5,684,848

Note: Actual spending is higher than planned spending primarily as a result of funding received for the Rick Hansen Foundation in support of the Rick Hansen Institute.

Human Resources (Full-Time Equivalents—FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
110	96	(14)

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Western Canadian SMEs are engaged in international business	Value of international business activity facilitated by WD	$0*	$0
Western Canadian SMEs are competitive	Number of SMEs that increase gross margins	0*	0
Western Canadian SMEs are innovative	Number of patents filed	7	10

* The targets for new performance indicators being introduced by WD for the first time in 2013–14 were set at zero because historically, these types of projects have required more than one year to realize results.

Performance Analysis and Lessons Learned

WD's new streamlined Program Alignment Architecture (PAA) includes the integration of the Business Development and Innovation program areas along with selected new program indicators introduced by WD for the first time in 2013–14. This integration reflects the strong linkages and synergies between business innovation, productivity and global engagement, and the multi-faceted, holistic approach that is required to assist western Canadians to start, grow and expand their businesses. Historically, these types of projects have required more than one year to realize results. Therefore, targets for the new performance indicators were set at zero (see Performance Results table above), noting that future Departmental Performance Reports will reflect results for the new indicators.

In addition to WD's ongoing support for innovation through the WDP, the Western Innovation (WINN) Initiative was launched in 2013–14 to assist SMEs in commercializing new, innovative products, processes and services. The outreach, proposal intake and proposal assessments revealed a strong demand for the initiative, and proposals received were of high quality. Initial investment decisions were announced in early 2014-15. WD has identified lessons learned ranging from potential program design refinements to administrative adjustment which will be addressed prior to the next WINN intake.

In March 2014, WD broadly consulted with western stakeholders and not-for-profit organizations and developed a strategic agenda to guide investments under the WDP. Steps were taken to prepare a new Call for Proposals (CFP) process, launched in May 2014, to help prioritize and target investments to support economic growth.

Sub-program 1.1.1: Trade, Investment and Market Access

Sub-program Description

Trade, Investment and Market Access focuses on increasing Western Canada's participation in global markets, increasing awareness of Western Canada's technology capabilities abroad and attracting new foreign investment to support access to and participation in global value chains. It strives to strengthen trade-related infrastructure to enhance trade flows in and out of Western Canada and promotes Western Canada as an attractive destination for international tourists, students, researchers and investors. Transfer payments in support of this sub-program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
17,945,501	11,009,776	(6,935,725)

Note: Actual spending is less than planned spending amounts for 2013–14 due to projects in the developmental stage proceeding with a lower dollar value than expected.

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
31	31	0

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Capacity of western clients to pursue international business opportunities or attract international visitors	Number of western SMEs and other organizations pursuing trade, investment, international R&D or tourism opportunity, as a result of global advisory and market access services	281	792
Capacity to support the flow of goods and services in/out of Western Canada	$ value of improvements to trade infrastructure	$0*	$0
International awareness of trade, investment and tourism opportunities, and SME technology capabilities in Western Canada	$ value of international business leads generated through missions, events and marketing initiatives	$0*	$1.5 million

* The targets for new performance indicators being introduced by WD for the first time in 2013–14 were set at zero because it was anticipated that projects will require more than one year to realize expected results.

Performance Analysis and Lessons Learned

In 2013–14, WD introduced new performance indicators for the Trade, Investment and Market Access sub-program which were designed to better articulate the outcomes achieved by western small and medium-sized enterprises that engage in global markets as a result of WD's support. The targets for some of these new performance indicators were set at zero because it was anticipated that projects will require more than one year to realize expected results.

Although actual spending was $7 million less than planned due to some trade projects under development not materializing, WD met or exceeded its targets for all the Trade, Investment and Market Access related performance indicators for which reported outcomes were anticipated (see Performance Results table above). Overall, the variance is largely due to the fact that WD's projects tend to be multi-year in nature and results are sometimes reported earlier than expected or that some projects realised stronger results than forecasted by proponents.

WD engaged with western stakeholders in the latter part of 2013–14 to better define the department's approach to Trade and Investment as a follow up to recommendations made in the December 2013 evaluation of Trade and Investment.[18] In May 2014, the department launched a CFP to support investments in priority areas such as Trade and Investment, through the department's main funding vehicle, the WDP. This approach will assist WD to increase and diversify its client base as well as be more strategic in funding western Canadian initiatives in Trade and Investment.

Sub-program 1.1.2: Business Productivity and Growth

Sub-program Description

Business Productivity and Growth supports western Canadian businesses, business service providers and industry to undertake initiatives to enhance business productivity, competitiveness and growth of western Canadian SMEs. In addition, this sub-program supports delivery of business services and access to capital for targeted client groups such as women, persons with disabilities and Aboriginal people through partner organizations. Transfer payments in support of this sub-program are made under the authority of the Women's Enterprise Initiative (WEI) and the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
30,033,951	29,198,054	(835,897)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
30	29	(1)

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Access to business development services, capital and leveraged capital	Number of businesses created, maintained or expanded through business or capital services	2,453	2,257
Adoption of sound management and business practices, and technology	Number of SMEs investing in adoption of sound management or business practices, or technology	37*	0
Access to skilled labour	Number of skilled workers hired as a result of training, skills certification or foreign worker recruitment	50*	40

* Targets were set for these new performance indicators, which were introduced by WD for the first time in 2013–14. However, actual results were lower than planned given that WD projects tend to be multi-year in nature and sometimes results are reported later than planned.

Performance Analysis and Lessons Learned

WD introduced new performance indicators in 2013–14 for the Business Productivity and Growth sub-program. This included two new indicators that tracked the number of SMEs investing in adoption of sound management or business practices, or technology and the number of skilled workers hired as a result of training or skills certification. This was the first year that WD set an annual target for these new indicators.

WD engaged with western stakeholders in 2013–14 to better define the department's approach to making investments in business productivity and growth. In May 2014, the department launched the Call for Proposals process and one of the key features was a new focus on supporting skills training in select sectors in Western Canada. Further, to ensure the Western Canada Business Service Network (WCBSN) members are maximizing their potential and delivering programming in alignment with Government of Canada and WD priorities, WD initiated the Revitalization of WCBSN. With regards to Community Futures (CF), WD sought improvement in three areas in 2013–14: CF Associations' role and structure, governance and accountability, and performance and alignment. Complementary work on implementing this revitalization initiative to other WCBSN members, including Francophone Economic Development Organizations (FEDOs)[19] and WEIs,[20] will continue into 2014–15.

Sub-program 1.1.3: Innovation Capacity Building

Sub-program Description

Innovation Capacity Building strengthens the innovation system in the West by supporting efforts of research and not-for-profit institutions to commercialize knowledge-based products, processes and services. It also supports relevant skills training for highly qualified personnel. Transfer payments in support of this sub-program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
3,558,905	24,961,289	21,402,384

Note: Actual spending differs from planned spending due to greater investment opportunities under this sub-program. Actual spending also includes $6.5 million in spending under the Rick Hansen Foundation in support of the Rick Hansen Institute, which was not reflected in planned spending amounts.

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
3	4	1

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Initial Technology Development - basic technological components are integrated for testing and validation in a simulated (laboratory) environment	Value of applied R&D undertaken related to initial technology development	$0*	$1,715,814
Intermediate Technology Development - prototypes are ready for demonstration in an operational setting	Number of prototypes ready for demonstration in operational environment	146	410
Highly Qualified People (HQP) - create a pool of HQP to support the commercialization of knowledge-based products, processes and services	Number of HQP trained	200	590

* The target for this new performance indicator was set at zero because no results were anticipated for 2013-14.

Performance Analysis and Lessons Learned

WD tracks three indicators to capture the impact of Innovation Capacity Building in the innovation system: value of applied R&D undertaken related to initial technology development; number of prototypes ready for demonstration in operational environment; and number of HQP trained.

Results in this area greatly exceeded targets for all three indicators (see Performance Results table above). This is attributed to significantly higher investment than originally anticipated in this area, resulting in a number of projects with expected results that were not captured in the target setting process.

Sub-program 1.1.4: Technology Commercialization

Sub-program Description

Technology Commercialization supports SMEs, directly or indirectly through not-for-profit entities, in the development and production of prototypes, demonstration of products and third party certification, as well as testing and quality assurance of specific products. In addition, it supports outreach and promotional activities to attract investment, validate market potential and end user acceptance, and facilitate market-ready knowledge-based products, processes and services. Transfer payments in support of this sub-program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
41,689,456	33,743,542	(7,945,914)

Note: Actual spending differs from planned spending amounts given that fewer projects were received and approved under this sub-program. As a result, funding was reallocated to other departmental priorities which required additional financial resources.

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
46	32	(14)

Note: Actual FTE utilization is at variance with planned numbers as a result of a realignment of FTEs to other initiatives within the departmental PAA.

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Advanced Technology Development - the technology in its final form is proven through successful deployment in an operational setting under real-life conditions	Number of products, processes or services proven through successful deployment in an operational setting	22	2
Enhanced financial capacity of SMEs to pursue technology development and commercialization	Value of incremental private sector investment attracted	$1.35 million	$3.8 million
Sales of knowledge-based products, processes and/or services by SMEs	Value of sales tied to the knowledge-based product/ process/ service/ technology commercialized	$0*	$0

* The target for this new performance indicator was set at zero because no results were anticipated for 2013-14.

Performance Analysis and Lessons Learned

WD tracks three indicators to capture the impact of the Technology Commercialization sub-program: number of products, processes or services proven through successful deployment in an operational setting; value of incremental private sector investment attracted; and value of sales tied to the knowledge-based product/ process/ service/ technology commercialized.

WD met or exceeded its targets for two of the three performance indicators related to the Technology Commercialization sub-program (see Performance Results table above). The value of incremental private sector investment attracted was $3.8 million nearly triple the target of $1.3 million. This is attributed to investments in two projects which achieved results significantly higher than anticipated at the time targets were established.

The department fell short of its target for number of products, processes or services proven through successful deployment in an operational setting indicator given that WD's projects tend to be multi-year in nature and results are sometimes reported later than expected. As a result of fewer project applications received and approved, actual spending under this sub-program was $8 million less than planned. Going forward, however, through the implementation of WINN, WD anticipates an increase in funding of projects under the technology commercialization sub-program.

Program 1.2: Community Economic Growth

Program Description

Community Economic Growth involves economic development initiatives that support communities to advance their economies, adjust to changing and challenging economic circumstances and recover from depressed economic circumstances. This is achieved through both funding of projects to support infrastructure programming and community development, as well as funding support of the Community Futures (CF) organizations. Transfer payments in support of this program are made under the authority of the Western Diversification Program and the Community Futures Program.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
57,604,411	57,604,411	62,315,274	62,155,737	4,551,326

Note: Actual spending is higher than planned spending in 2013–14 due to increased spending under the Community Infrastructure Improvement Fund (CIIF) and CFs.

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
37	50	13

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Western Canadian communities have strong businesses	SME sales growth[21]	8.0%	13.97%
Western Canadian communities have capacity for socio-economic development	Number of communities benefitting from Community Economic Growth projects	1,344	1,111
Western Canadian communities have the necessary public infrastructure to support economic growth	Number of communities benefitting from federal public infrastructure investments	600	475

Performance Analysis and Lessons Learned

WD captures the impact of its Community Economic Growth (CEG) activities by tracking three performance indicators at the program level: SME sales growth as reported by CF organizations' loan clients; number of communities benefitting from CEG projects; and number of communities benefitting from federal public infrastructure investments.

WD met or exceeded its targets for one of the three Community Economic Growth related performance indicators (see Performance Results table above). Overall, the variance is largely due to the fact that WD's projects tend to be multi-year in nature and results are sometimes reported earlier or later than expected.

WD is continuing to engage in activities to achieve greater impact from its investments in western Canadian communities. In 2013–14, WD was increasingly engaged in outreach with Aboriginal communities. Of particular note, WD supported the work of the Special Federal Representative on West Coast Energy Infrastructure by contributing to interdepartmental engagement and policy discussions. Building on these contributions, WD will remain actively involved with the lead departments as they work to facilitate Aboriginal participation in West Coast energy infrastructure development.

Based on the success of its prior involvement, WD renewed participation in the Economic Development Initiative,[22] which is one of 16 initiatives that form the Government of Canada's strategy for official languages under the "Roadmap for Canada's Official Languages (2013–2018): Education, Immigration, Communities."[23] With a renewed investment of $3.2 million over five years under the "Communities" component of the Roadmap, WD continues to support economic development in official language minority communities (OLMCs) across Western Canada. The initiative is intended to facilitate sustainable growth in OLMCs by promoting the development of new expertise through innovation, diversification, partnerships and increased support of SMEs.

Sub-program 1.2.1: Infrastructure Programming

Sub-program Description

Infrastructure Programming provides community funding in Western Canada to build and renew infrastructure in rural and urban municipalities across Canada, allowing them to compete in the regional, national and global economy. WD delivers infrastructure programming directly or in partnership with other federal departments and the four western provincial governments. Transfer payments in support of direct delivery of this sub-program are made through designated program authorities, excluding the Western Diversification Program. Transfer payments in support of the delivery of this sub-program are made through Other Government Department Suspense accounts when WD delivers programs on behalf of other federal departments.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (Actual minus planned)
24,533,954	27,791,655	3,257,701

Note: Actual spending is higher than planned spending amounts due to increased spending under CIIF.

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
4	21	17

Note: Planned FTE amounts in the 2013–14 Report on Plans and Priorities (RPP) were reflective of requirements to support delivery of infrastructure programming. Actual FTE utilization is at variance with planned numbers as a result of a realignment of FTEs to support the delivery and completion of the CIIF program in 2013–14.

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
New or improved environmental infrastructure	Number of new or improved environmental systems	0*	0
New or improved transportation or telecommunications infrastructure	Number of new or improved transportation or telecommunications networks	0*	0
New or improved community, cultural, recreational, tourism or other related infrastructure	Number of new or improved community, cultural, recreational, tourism or other related facilities	600*	475

* New performance indicators were introduced by WD for the first time in 2013–14 and the targets for the first two performance indicators were set at zero because no results were anticipated for 2013-14.

Performance Analysis and Lessons Learned

In 2013–14, WD introduced new performance indicators for the Infrastructure Programming sub-program designed to better capture results of the infrastructure programming. The targets for the first two performance indicators were set at zero because no results were anticipated for 2013–14 (see Performance Results table above). However, these new indicators are part of WD's PMF because on occasion WD may invest in projects with expected results associated with these indicators.

The variance for the number of new or improved community, cultural, recreational, tourism or other related facilities indicator is largely due to the fact that WD's projects tend to be multi-year in nature and results are sometimes reported earlier or later than expected (see Performance Results table above).

WD delivered four national infrastructure programs in the West on behalf of Infrastructure Canada (INFC): the Municipal Rural Infrastructure Fund (MRIF), the Canada Strategic Infrastructure Fund (CSIF), the Building Canada Fund-Communities Component (BCF-CC) and the Building Canada Fund-Major Infrastructure Component (MIC).

In 2013–14, WD initiated steps to close out MRIF. This program will be fully closed out in 2014–15. Under MRIF, 566 projects were supported across Western Canada with a federal investment of $266.7 million.

For BCF-CC, 309 projects have been approved to date across the West with a federal investment of $354.3 million.

As funding for these programs is provided through INFC appropriation, further details on the results may be found in INFC's Departmental Performance Report.

Announced in Budget 2012, the CIIF was a two-year national program that would invest $150 million to rehabilitate and improve existing community infrastructure across Canada. WD was allocated $46.2 million over two fiscal years (2012–13 and 2013–14) to deliver the CIIF in Western Canada.

Sub-program 1.2.2: Community Development

Sub-program Description

Community Development assists communities, including the Official Language Minority Communities (OLMCs), to assess community needs and develop community strategic plans in response to those needs. It also provides funding for the implementation of projects that stimulate economic development and capitalize on communities' capacity, strengths and opportunities. Transfer payments in support of this sub-program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
3,195,641	2,263,281	(932,360)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
10	7	(3)

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Strong community strategic planning	Number of local and regionally-based community strategic plan(s) developed and/or updated	108	26
Effective implementation of community plans	Value of community-based projects	$770,000	$3,852,176

Performance Analysis and Lessons Learned

WD tracks two indicators to capture the impact of the Community Development sub-program: number of regionally-based community strategic plan(s) developed and/or updated; and the value of community-based projects.

WD met or exceeded its targets for one of the two Community Development related performance indicators (see Performance Results table above). Overall, the variance is largely due to the low volume of projects whereby individual variances impacted overall results significantly.

Although the targets for the indicator tracking strong community strategic planning was not met, the result of over $3.8 million in investments in community-based projects is attributed to the success of FEDOs in leveraging significant amounts of funding to support the effective implementation of community plans in their regions.

Sub-program 1.2.3: Community Futures Program

Sub-program Description

The CF Program[24] builds the capacity of rural communities to increase their economic activities by aiding the development and implementation of local solutions to local problems. This sub-program provides financial support to CF organizations to deliver a range of small business services, provide repayable financing to new and existing enterprises, and support development of strategic plans and community economic

development projects to address community needs. Transfer payments in support of this sub-program are made under the authority of the CF Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
29,642,630	31,906,741	2,264,111

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
22	21	(1)

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Strong rural community strategic planning and implementation	Value of community-based projects	$6,980,000	$23,200,011
Rural access to business development services	Number of businesses created, maintained or expanded through business services	1,200	766
Rural access to capital and leveraged capital	Value of loans	$63.3M	$74.8M

Performance Analysis and Lessons Learned

WD tracks three indicators to capture the impact of the CF sub-program: value of community-based projects, number of businesses created/ maintained/ or expanded through business services and value of loans.

WD met or exceeded its targets for two of the three CF sub-program performance indicators (see Performance Results table above). The significant over-achievement of the indicator on the value of community projects, $23.2 million against a target of $7 million, is largely attributed to five CFs who were instrumental in facilitating access to capital for large infrastructure projects in their communities. These five CFs initially projected $720,000 in leverage but successfully achieved approximately $11 million. The high achievement of the indicator on rural access to capital as measured by the value

of loans, over $74 million, is an indication of the strong impact of CFs in rural communities across the West.

Actual results were lower than expected for the second indicator related to the number of businesses created/ maintained/ or expanded through businesses services. The variance is attributed to a reduction in available funding from other partners which in turn limited the ability of CFs to serve as many clients as planned.

WD engaged in several activities to enhance the effectiveness of the WCBSN programming. WD completed a CF Revitalization Initiative in 2013–14 which sought improvements in three areas: CF Associations' role and structure, governance and accountability, and performance and alignment. The intent going forward is to ensure an increased economic impact of CF members in Western Canada and better alignment with Government of Canada and WD priorities.

WD also conducted an evaluation of the CF program[25] in 2013–14, which concluded that there is an ongoing and relevant need for the program as rural SMEs face barriers in access to capital and business development services. The program is needed in stable economic conditions as well as in economic downturns. An assessment of the long term impact of the program indicated that CF-assisted firms outperformed a comparable group of non-assisted firms in terms of employment growth, business survival rate and revenue growth. The evaluation provided three recommendations: 1) clarify CF activities that count as community economic development; 2) enhance the effectiveness and integration of the reporting systems of the program; and 3) continue to enhance reporting on long-term outcomes. The department has developed a management response action plan to address these recommendations. The actions to address these recommendations are part of the CF revitalization exercise.

Sub-program 1.2.4: Targeted Economic Initiatives

Sub-program Description

Targeted Economic Initiatives support economic activity in western Canadian communities on a temporary basis through targeted economic stimulus or adjustment. WD provides assistance through dedicated, temporary supplementary funding from the Government of Canada or through the department's own special allocations. Transfer payments in support of this sub-program are made through designated funding authorities and may be made under the authority of the Western Diversification Program as a temporary and targeted measure only.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (Actual minus planned)
232,186	194,060	(38,126)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
1	1	0

Note: In 2013–14, WD continued to monitor and follow-up on repayable contributions made under the Community Adjustment Fund.

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Businesses opportunities are created	Number of businesses created, maintained or expanded	Not Applicable for 2013–14	
Community opportunities are created	Value of community-based projects, as well as leverage		
Job opportunities are created	Number of jobs created, maintained or expanded		

Note: Given that these programs have ended, no results were anticipated in 2013-14.

Performance Analysis and Lessons Learned

Not applicable (see notes above).

Program 1.3: Policy, Advocacy and Coordination

Program Description

Policy, Advocacy and Coordination supports the advancement of the interests of Western Canada through effective strategies, policies and programs that address western economic development needs and by establishing cooperative relationships with key stakeholders. Transfer payments in support of this program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
7,113,497	8,613,497	9,045,067	9,306,314	692,817

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
52	68	16

Note: Actual spending and FTE utilization in this area increased compared to planned numbers as a result of the realignment of costs related to this program. WD conducted a review in 2013–14 based on Treasury Board Secretariat guidelines for the recording and reporting on Internal Services expenditures, which impacted both spending and FTE utilization under Policy, Advocacy and Coordination.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Policies that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities resulted in policies that support the economic development of Western Canada	90%	82.7%[26]
Programs that strengthen the western Canadian economy	Percentage of key informants with the opinion that WD activities resulted in programs that support the economic development of Western Canada	90%	87.0%[27]

Performance Analysis and Lessons Learned

WD continually refines and focuses its Policy, Advocacy and Coordination (PAC) program to meet the changing priorities of western Canadians. Through research and analysis, as well as engagement with key stakeholders, WD works to ensure that its priorities continue to be well aligned with specific needs of the business community in Western Canada. Based on results from the March 2014 PAC survey sent to key stakeholders, WD learned that there is need to enhance its communication and better inform stakeholders of departmental activities and its success stories.

In the fall of 2013, WD undertook broad engagement with key stakeholders across Western Canada in order to gain feedback on western Canadian economic issues, challenges, opportunities and priorities. Based on feedback received from stakeholders, WD developed new priorities going forward: innovation; skills development and training; Aboriginal economic growth; maximizing the ability of western Canadian businesses to capitalize on federal defence procurement; trade and investment; and revitalization of the WCBSN. In addition to addressing Western Canada's particular challenges and helping to seize the region's unique opportunities, these priorities are well aligned with the Government of Canada's economic agenda and priorities with respect to innovation, entrepreneurship, trade, responsible resource development and federal defence procurement.

WD's priorities allow the department to quickly identify and act upon emerging issues relevant to Western Canada. For example, WD and other Regional Development Agencies (RDA) provided regional perspectives to inform the development of the Government's Defence Procurement Strategy in order to maximize the opportunities for western Canadian SMEs to benefit from federal defence procurement.

Sub-program 1.3.1: Advocacy and Coordination

Sub-program Description

Advocacy and Coordination advances Western Canada's interests in national policies, priorities, and programs through inclusion of regional issues and opportunities as identified by key stakeholders. Efforts in this sub-program lead to balanced, regionally sensitive approaches to Government of Canada priorities, coordinated economic development in the West and increased procurement opportunities in Western Canada. Transfer payments in support of this sub-program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
4,774,304	5,881,801	1,107,497

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
41	54	13

Note: Actual spending and FTE utilization in this area increased compared to planned numbers as a result of the realignment of operating costs and FTEs in 2013–14.

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Access to economic opportunities for Western Canada	Number of initiatives WD engaged in to enhance access to economic development opportunities for Western Canada	23	29
Coordinated economic development activities, policies and programs in Western Canada	Number of economic development initiatives undertaken, programs implemented and policies developed which were coordinated by WD	21	27
Access to procurement opportunities for western Canadian SMEs	Number of initiatives WD engaged in to enhance access to procurement opportunities for western Canadian SMEs	31	63

Performance Analysis and Lessons Learned

WD tracks three indicators to capture the impact of the Advocacy and Coordination sub-program: number of initiatives WD engaged in toward enhancing access to economic development opportunities for Western Canada; number of economic development initiatives undertaken, programs implemented and policies developed which were coordinated by WD; and number of initiatives engaged in by WD toward enhanced access to procurement opportunities for western Canadian SMEs.

WD exceeded its targets for all three indicators due in part to significantly higher investment in this area (see Performance Results table above). In particular, WD engaged in substantially more initiatives to enhance access to federal defence procurement opportunities for western Canadian SMEs, reflecting the growing importance of the defence sector in Western Canada.

An example of a successful initiative to support regionally-sensitive development is WD's participation on a Foreign Trade Zone committee where WD worked with the other RDAs and Finance Canada to develop a common approach to replicating single window government task forces on foreign trade zones at other locations. WD used the outcome of that work to support Foreign Affairs, Trade and Development Canada in establishing and launching its new marketing program for organizations seeking to promote local Foreign Trade Zone-type benefits linked to strategic locations across Canada.

Another significant initiative led by WD to support coordinated economic development in Western Canada was a series of innovation-focused roundtables held across Western Canada. These roundtables helped WD to bring western Canadian perspectives to

national innovation policy making, enhanced and shaped departmental support for innovation, strengthened collaboration between key stakeholders in the region, and reinforced WD's role as a convener and pathfinder. A key outcome of these roundtables was the development of a Western Innovation Forum[28] held in April 2014, which focused on facilitating innovation-related business opportunities within the aerospace, defence, marine and security sectors in Western Canada.

As part of Western Canada's Shipbuilding Action Plan, WD hosted its second Western Canada Shipbuilding Symposium:[29] Get on Board the Supply Chain, which provided SMEs the opportunity to learn about new and ongoing business opportunities presented by the National Shipbuilding Procurement Strategy. The event attracted 528 participants, representing 365 unique organizations, and facilitated 72 business-to-business meetings between five prime contractors and tier-one suppliers and 35 western Canadian companies.

Sub-program 1.3.2: Economic Analysis

Sub-program Description

Economic Analysis increases understanding of western Canadian challenges, opportunities, and priorities through externally generated or in-house research. Economic analysis also supports internal as well as Government of Canada policy and program development. Transfer payments in support of this sub-program are made under the authority of the Western Diversification Program.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
3,839,193	3,424,513	(414,680)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
11	14	3

Performance Results

Expected Result	Performance Indicators	Targets	Actual Results
Decisions impacting the western Canadian economy are informed by evidence-based economic analysis	Number of evidence-based economic analyses conducted/ funded by WD	43	34

Performance Analysis and Lessons Learned

WD tracks one indicator to capture the impact of the Economic Analysis sub-program: number of evidence-based economic analyses conducted or funded by WD (see Performance Results table above).

Economic analysis undertaken by WD in 2013-14 supported the department's advocacy and coordination work as well as its program delivery. For example, analysis of energy innovation in Western Canada helped to inform key federal decision makers of regional strengths, opportunities and challenges related to energy production in Western Canada, while the development of regional sector profiles supported the development of strategies for sector support within WD's priorities. Evidence-based analysis also supported stakeholder engagement. For instance, monthly reporting and analysis of issues relevant to economic development in Western Canada has been used to inform stakeholders of key issues, challenges and opportunities in Western Canada.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of the organization. These groups are Management and Oversight Services, Communications Services, Legal Services, Human Resources Management Services, Financial Management Services, Information Management Services, Information Technology Services, Real Property Services, Materiel Services, Acquisition Services and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
20,755,128	20,755,128	21,824,045	17,953,579	(2,801,549)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
171	117	(54)

Note: Actual spending and FTE utilization in this area decreased compared to planned numbers as a result of the realignment of operating costs and FTEs in 2013–14.

Performance Analysis and Lessons Learned

WD completed centralization of its accounting operations to Saskatoon and procurement to Edmonton in 2013–14. The department also continued to implement technological improvements to modernize and re-engineer business processes. For example, WD introduced electronic screening of WINN applications, initiated the installation of the GCDocs system for knowledge management and increased the use of an electronic Client Relationship Management tool for WINN outreach and as a database for federal defence procurement. In addition, WD enhanced business system capability by including improvements to the electronic application and updating components related to the project risk model, contribution agreement and North American Industry Classification System codes.

WD also carried out significant systems work in support of WINN and the CFP process in 2013–14. Starting next fiscal year, WD plans to implement a twice yearly intake of applications with fixed deadlines and to use a comparative assessment process to identify projects which best meet WD's priorities.

WD also made greater use of technology such as video conferencing and web based tools for conducting inter-regional meetings and training sessions.

WD is a participant in the Federal Sustainable Development Strategy[30] (FSDS) and contributes to the Greening Government Operations targets through the Internal Services program. The department contributes to the following target areas of Theme IV (Shrinking the Environmental Footprint–Beginning with Government) of the FSDS: e-waste, printing unit reduction, paper consumption, green meetings and green procurement. In 2013–14, WD reduced its paper consumption by 59.7 percent exceeding its 20 percent target.

For additional details on WD's Departmental Sustainable Development Strategy, please see the List of Supplementary Information Tables in Section III.

Section III: Supplementary Information

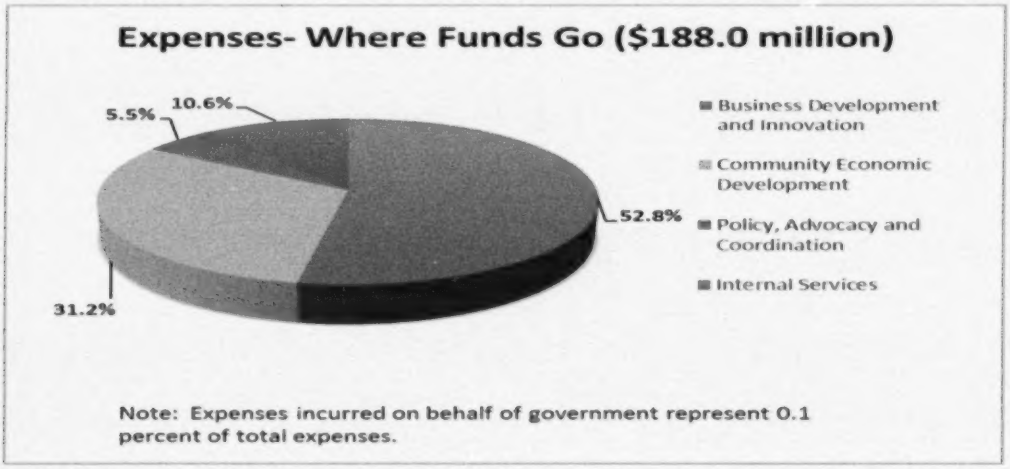
Financial Statements Highlights

The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of Western Economic Diversification Canada's (WD) financial position and operations. The unaudited financial statements are prepared in accordance with accrual accounting principles (the link to complete financial statements is at the end of this section).

Western Economic Diversification Canada
Condensed Statement of Operations and Departmental Net Financial Position
(unaudited)
For the Year Ended March 31, 2014
(dollars)

	2013–14 Planned Results*	2013–14 Actual	2012–13 Actual	Difference (2013–14 actual minus 2013–14 planned)	Difference (2013–14 actual minus 2012–13 actual)
Total expenses	180,172,795	188,000,865	180,085,536	7,828,070	7,915,329
Total revenues	3,032	835	4,557	(2,197)	(3,722)
Net cost of operations before government funding and transfers	180,169,763	188,000,030	180,080,979	7,830,267	7,919,051
Departmental net financial position	(6,246,182)	(2,395,025)	(2,949,824)	3,851,157	554,799

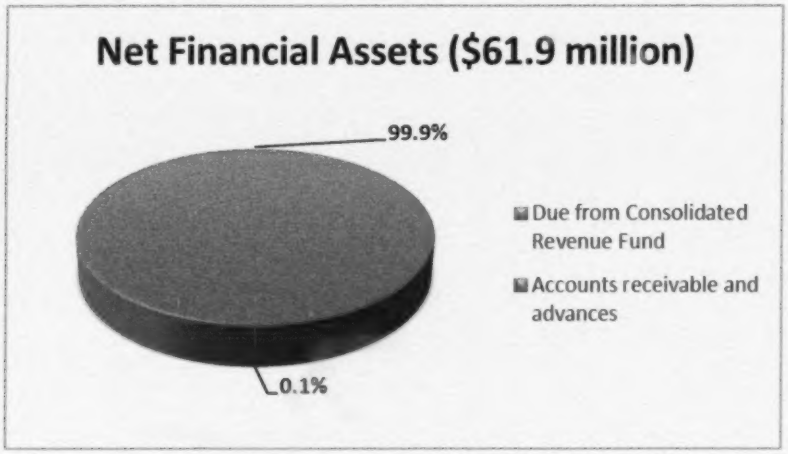
* Refer to the Financial Statements for more details.



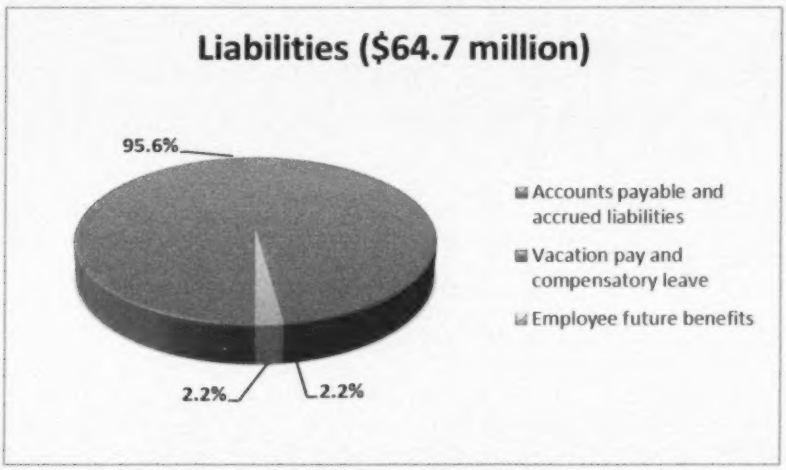
Total Expenses for WD were $188.0 million in 2013–14, an increase of $7.9 million (four percent) over the 2012–13 fiscal year. This year over year increase is attributed to an increase in transfer payments, primarily the Community Infrastructure Improvement Fund (CIIF) which recorded $6.9 million more in expenses when comparing 2012–13 to 2013–14. New funding was also provided to the Rick Hansen Foundation.

Western Economic Diversification Canada
Condensed Statement of Financial Position (unaudited)
As at March 31, 2014
(dollars)

	2013–14	2012–13	Difference (2013–14 minus 2012–13)
Total net liabilities	64,730,222	88,910,396	(24,180,174)
Total net financial assets	61,867,745	85,178,066	(23,310,321)
Departmental net debt	(2,862,477)	(3,732,330)	869,853
Total non-financial assets	467,452	782,506	(315,054)
Departmental net financial position	(2,395,025)	(2,949,824)	554,799



Net Financial Assets equaled $61.9 million at the end of 2013–14, a decrease of $23.3 million (27 percent) over the previous year's total assets of $85.2 million. This decrease is related to the amounts due from the Consolidated Revenue Fund which will be available to draw upon to pay for the accounts payable in 2013–14. The decrease is attributed to the reduction in accounts payable for the CIIF and the Building Canada Fund (BCF) (managed on behalf of Infrastructure Canada).



Total Liabilities were $64.7 million at the end of 2013–14, a decrease of $24.2 million (27 percent) over the previous year's total liabilities of $88.9 million. This net decrease is a result of a decrease in accounts payable for the CIIF and BCF.

Financial Statements

The complete WD financial statements can be found at http://www.wd.gc.ca/eng/59.asp.

Supplementary Information Tables

The supplementary information tables listed in the *2013–14 Departmental Performance Report* can be found on the WD website.[31]

- Departmental Sustainable Development Strategy;
- Details on Transfer Payment Programs;
- Internal Audits and Evaluations;
- Response to Parliamentary Committees and External Audits;
- Sources of Respendable and Non-Respendable Revenue;
- Up-Front Multi-Year Funding; and
- User Fees Reporting.

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[32] publication. The tax measures presented in the *Tax Expenditures* and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

[1] Western Economic Diversification (WD) Act, http://laws.justice.gc.ca/eng/acts/W-6.8/

[2] Western Canadian Business Services Network, http://www.wd-deo.gc.ca/eng/99.asp

[3] 2014–15 Report on Plans and Priorities, http://www.wd-deo.gc.ca/eng/59.asp

[4] Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

[5] Western Innovation (WINN) Initiative, http://www.wd-deo.gc.ca/eng/14857.asp

[6] Defence Procurement Strategy, http://www.tpsgc-pwgsc.gc.ca/app-acq/stamgp-lamsmp/sskt-eng.html

[7] Global Markets Action Plan, http://www.international.gc.ca/global-markets-marches-mondiaux/

[8] Western Canada's Shipbuilding Action Plan, http://www.wd.gc.ca/eng/13737.asp

[9] Shipbuilding Symposium, http://www.wd-deo.gc.ca/eng/14743.asp#a1

[10] Canada's Industrial and Regional Benefits policy, https://www.ic.gc.ca/eic/site/042.nsf/eng/home

[11] Blueprint 2020 initiative, http://www.clerk.gc.ca/eng/feature.asp?pageId=350

[12] Includes funding of both Technology Commercialization and Innovation Capacity Building projects

[13] Western Diversification Program – Call for Proposals, http://www.wd-deo.gc.ca/eng/301.asp

[14] "Full-time equivalent" (FTE) is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. FTEs are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

[15] Whole of Government Framework, http://publiservice.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

[16] Public Accounts of Canada 2014, http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[17] Data Sources: Real Gross Domestic Product Growth - Statistics Canada, Table 379-0030; Labour Productivity Growth - Statistics Canada, Tables 282-0017 and 379-0030; Primary Production - Statistics Canada, Tables 379-0030 and 379-0031; and Gross Domestic Expenditures on Research and Development - Statistics Canada, Tables 358-0001, 380-0064 and 384-0038

[18] WD Audit & Evaluation - Evaluation of Trade and Investment Activities, http://www.wd-deo.gc.ca/eng/18292.asp

[19] Francophone Economic Development Organizations, http://www.wd.gc.ca/eng/257.asp

[20] Women's Enterprise Initiative, http://www.wd.gc.ca/eng/256.asp

[21] Based on the latest available Round Four (2006–11) data provided by the Centre for Special Business Projects, Statistics Canada, June 2014.

[22] Economic Development Initiative, http://www.wd-deo.gc.ca/eng/11564.asp

[23] Roadmap for Canada's Official Languages (2013–2018): Education, Immigration, Communities, http://www.pch.gc.ca/eng/1358263602229/1358263791285

[24] Community Futures (CF), http://www.communityfuturescanada.ca/

[25] WD Audit & Evaluation - Evaluation of CF Program, http://www.wd-deo.gc.ca/eng/60.asp

[26] WD Policy, Advocacy and Coordination Survey, March 2014.

[27] Ibid

[28] Western Innovation Forum, http://www.wd-deo.gc.ca/eng/18455.asp

[29] Shipbuilding Symposium, http://www.wd-deo.gc.ca/eng/14743.asp#a1

[30] Federal Sustainable Development Strategy, http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=CD30F295-1

[31] Supplementary Information Tables, http://www.wd-deo.gc.ca/eng/18564.asp

[32] Tax Expenditures and Evaluations publication, http://www.fin.gc.ca/purl/taxexp-eng.asp